



BEFORE THE STATE BOARD OF EQUALIZATION  
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of }  
METRO-GOLDWYN-MAYER DISTRIBUT- }  
ING CORPORATION }

Appearances:

For Appellant: Raymond R. Hails of Los Angeles

For, Respondent: Reynold E. Blight, Franchise Tax Commis-  
sioner

O P I N I O N

This is an appeal under Section 25 of the Bank and Corporation Franchise Tax Act (Chap. 13, Stats. 1929) from the action of the Franchise Tax Commissioner in overruling the protest of Metro-Goldwyn-Mayer Distributing Corporation against a proposed assessment of an additional tax of \$567.42, based upon the net income of said corporation for the year ended August 31, 1929.

The sole point involved in this appeal is the question of the constitutionality of the requirement of the Bank and Corporation Franchise Tax Act (Chap. 13, Stats. 1929) that income from all sources (including royalties from copyrights granted by the United States) be used in the calculation of the tax. For the reasons set forth in our opinion in the case of Universal Pictures Corporation, et al., (filed August 4, 1930), we do not feel warranted in holding the law unconstitutional. On authority of our decision in that appeal, we believe that we must sustain the action of the Commissioner.

Moreover, the recent decision of the United States Supreme Court in the case of Educational Films Corporation of America, v. Ward, \_\_\_\_\_ u. s. \_\_\_\_\_, (reported in V U. S. Daily 3441, issue for January 13, 1931,) is indicative of a tendency to materially restrict the application of the ruling in the case of the Macallen Company v. Massachusetts, 279 U. S. 620, upon which Appellant relies.

O R D E R

Pursuant to the views expressed in the opinion of the Board on file in this proceeding, and good cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that the action of Reynold E. Blight, Franchise Tax Commissioner, in

Appeal of Metro-Goldwyn-Mayer Distributing Corporation

overruling the protest of Metro-Goldwyn-Mayer Distributing Corporation, a corporation, against a proposed assessment of an additional tax of \$567.42, under Chapter 13, Statutes of 1929, be and the same is hereby sustained.

Done at Sacramento, California, this 19th day of January 1931, by the State Board of Equalization.

Jno. C. Corbett, Chairman  
R. E. Collins, Member  
H. G. Cattell, Member  
Fred E. Stewart, Member

ATTEST: Dixwell L. Pierce, Secretary